

COALITION FOR PARTNERSHIP IN DEMOCRATIC DEVELOPMENT

**AUDITED FINANCIAL STATEMENTS AND
REPORT OF THE INDEPENDENT AUDITORS**

FOR THE YEAR ENDED 31 DECEMBER 2023

COALITION FOR PARTNERSHIP IN DEMOCRATIC DEVELOPMENT
(Registered No. 3714 Bro.K)

Organisation information

Organisation Name	Coalition for Partnership in Democratic Development	
Operating License	Memorandum with Ministry of Interior signed on 21 July 2017	
Register No.	3714 Bro.K	
Board of Director	Mr. Lam Soheat	Chairman
	Ms. Ros Chhorvivorn	Vice-Chair
	Mr. Yi KimThan	Treasurer
	Ms. Hany Fiya	Member
	Mr. Vorn Pov	Member
Management	Mr. Son Penh, Executive Director Mr. Samrith Sambo, Head of Administration & Finance Mrs. Morn Borina, Head of Programme	
Organisation Address	#124, Phnom Penh Villa Centre, Street 388, Sangkat Tuol Svay Prey 1, Khan Chamkamorn, Phnom Penh, Cambodia	
Principal Banker	Aceda Bank Plc.	
Auditor	Quantum & Spectrum Co., Ltd	

COALITION FOR PARTNERSHIP IN DEMOCRATIC DEVELOPMENT

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STATEMENT BY THE MANAGEMENT

In the opinion of the Management, the accompanying financial statements of Coalition for Partnership in Democratic Development ("CPDD" or "Organisation") which comprise the Statement of Financial Position as at 31 December 2023, and Statement of Income and Expenditures the financial year ended 31 December 2023, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes as set out from pages 5 to 13, are drawn up in accordance with the basis as set out in Note 2 to the financial statements.

EVENTS AFTER THE BALANCE SHEET DATE

No significant events occurred after the balance sheet date requiring disclosure or adjustment other than those already disclosed in the accompanying notes to the financial statements.

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

The Management of the Organisation is responsible to ensure that the accompanying financial statements as set out on pages 5 to 13 are properly drawn up in accordance with the basis as set out in Note 2 to the financial statements and so as to give a true and fair view of the financial position of the Project as at 31 December 2023 and of its donor funds collected and expenses incurred for the financial on that date. In preparing these financial statements the Management of the Organisation is required to:

- i. adopt appropriate accounting policies which are supported by reasonable and prudent judgement and estimates and then apply them consistently;
- ii. maintain adequate accounting records and an effective system of internal controls;
- iii. safeguard the assets and hence take reasonable steps for the prevention and detection of fraud and other irregularities;
- iv. prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Organisation will not continue its operations in the foreseeable future; and
- v. control and direct effectively the Organisation in all material decisions affecting the operations and performance and ascertain whether such decisions and/or instructions have been properly reflected in the financial statements.

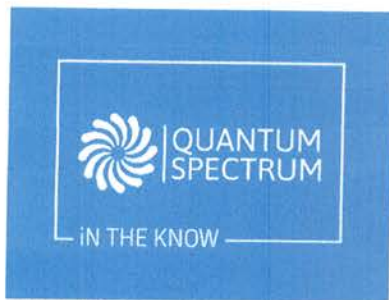
The Management confirms that it has complied with the above requirements in preparing the financial statements.

On behalf of the Board of Director



Lam Socheat
Chairman of the Board of Director
Date: 23rd February 2024

Son Penh
Executive Director
Date: 23rd February 2024



**INDEPENDENT AUDITORS' REPORT
TO THE MANAGEMENT OF COALITION FOR PARTNERSHIP IN DEMOCRATIC
DEVELOPMENT**

Unqualified opinion

We have audited the accompanying financial statements of Coalition for Partnership in Democratic Development (“CPDD” or “Organisation”) which comprise Statement of Financial Position as at 31 December 2023 and Statement of Income and Expenditures for the financial year ended 31 December 2023, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 5 to 13.

In our opinion, the financial statements give a true and fair view of the financial position as at 31 December 2023 for the financial year ended on that date are in accordance with the basis as set out in Note 2 to the financial statements.

Basis for opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISAs”) Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Organization in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) and the requirements of the Kampuchea Institute of Certified Public Accountants and the Auditors’ Code of Ethics for Certified Public Accountants and Auditors (KICPAA Code). We have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter Basis of Accounting, and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Management of the Organisation in relation to its intended uses. As a result, the financial statements may not be suitable for other purposes. Our report is intended solely for the Management of the Organisation and should not be distributed to or used by parties other than the Project.

Other information

Management is responsible for the other information. The other information obtained at the date of this auditors’ report is the information included in the Management’ Report as set out on pages 1 but does not include the financial statements and our auditors’ report thereon.

Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed on the other information obtained prior the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis as set out in Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER MATTERS

This set of financial statements is made solely to the members of the Organisation and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

CHEAM Kimhour
 Partner, for Quantum & Spectrum Co., Ltd
 CPA, ACCA/FCCA, Passed CFA
 Phnom Penh, Kingdom of Cambodia
 23rd February 2024

COALITION FOR PARTNERSHIP IN DEMOCRATIC DEVELOPMENT

STATEMENT OF INCOMES AND EXPENDITURES
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 USD	2022 USD	2023 KHR'000	2022 KHR'000
INCOMES					
Fund received from Donors	3	189,041	173,015	776,958	707,110
Membership Fee		1,210	-	4,973	-
Other Contribution		3,569	3,014	14,667	12,318
Other income		269	1,030	1,104	4,212
		194,088	177,059	797,702	723,640
EXPENDITURES					
Project costs	4	66,805	93,079	274,570	380,416
Administrative costs	5	17,610	11,809	72,377	48,264
Salaries and employees' benefits	6	90,809	59,654	373,226	243,804
		175,225	164,542	720,173	672,484
Surplus / (shortage)		18,864	12,517	77,529	51,156
Fund balances at the beginning of the year		14,509	1,992	59,735	8,203
Exchange differences on translation	11	-	-	(935)	376
Fund balances at the end of the year		33,373	14,509	136,329	59,735

COALITION FOR PARTNERSHIP IN DEMOCRATIC DEVELOPMENT

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	<u>2023</u> USD	<u>2022</u> USD	<u>2023</u> KHR'000	<u>2022</u> KHR'000
ASSETS					
Cash and cash equivalent	7	40,613	22,648	165,904	93,240
Other receivables	8	26,895	6,442	109,865	26,521
Deposits	9	1,000	1,000	4,085	4,117
TOTAL ASSETS		<u>68,508</u>	<u>30,089</u>	<u>279,854</u>	<u>123,878</u>
LIABILITIES					
Other payables	10	35,135	15,580	143,525	64,143
TOTAL LIABILITIES		<u>35,135</u>	<u>15,580</u>	<u>143,525</u>	<u>64,143</u>
NET ASSETS		<u>33,373</u>	<u>14,509</u>	<u>136,329</u>	<u>59,735</u>
Surplus / (Shortage)		18,864	12,517	77,529	51,157
Fund balances at the beginning of the year		14,509	1,992	59,735	8,203
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COALITION FOR PARTNERSHIP IN DEMOCRATIC DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. Background and principal activities

The Coalition for Partnership in Democratic Development “CPDD”, formerly known as the Working Group for Partnership in Decentralization “WGPD”, was founded in 2003, is the only non-profit, non-partisan coalition of 112 local and international NGOs, and Individual Professionals from across Cambodia working to nurture democratic accountability and good governance through the promotion of a common voice and meaningful engagement of civil society. Officially registered with the Ministry of Interior (MoI) in July 2017, CPDD is currently the only network organization that focuses explicitly on decentralization reform in the country. CPDD has built good working relationships with the key Government’s democratic development institutions and agencies, especially the Secretariat of the National Committee for Sub-National Democratic Development “NCDD-S”, the Association for Sub-National Councils (ASAC), sub-national administrations and donor agencies throughout the country. CPDD is registered with the Ministry of Interior under Law of Associations and Non-Governmental Organizations “LANGO” since 2018.

The Organisation has the following vision and mission:

Vision

The vision of CPDD is “a Cambodian society where diverse citizens have equal access to quality, inclusive and social equity public services”.

Mission

The mission of CPDD is “nurturing democratic accountability and good governance through the promotion of a common voice and meaningful engagement of civil society”.

2. Basis of preparation and accounting policies

Fiscal year

The Organization's fiscal year starts on 1 January and ends on 31 December.

Basis of preparation

The financial statements of the Organisation have been prepared under the historical cost convention using the modified cash basis method of accounting.

Under this basis of accounting, income is recognised when received rather than when the right to receive arises, and expenditures are recognised when incurred rather than paid which have been liquidated by invoices supporting the related expenditure.

The basis of accounting is designed to meet the requirements of the project; it is not designed to produce statements that are compatible with the Cambodian International Financial Reporting Standards.

COALITION FOR PARTNERSHIP IN DEMOCRATIC DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2.1. Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Organization operates “the functional currency”. The financial statements are presented in United States Dollars (“USD”) which is the Organization’s functional and presentation currency. The presenting amounts in the financial statements have been rounded off to the nearest dollar and thousand KHR amounts, respectively.

Transaction and balances

Transactions in currencies other than USD are translated into USD at exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of year-end exchange rates of monetary assets and liabilities denominated in currencies other than USD are recognised in profit or loss.

In accordance with the Law on Corporate Accounts, their Audit and the Accounting, a translation of the financial statements from USD to Khmer Riel (“KHR”) is required. The Organization has used the official rate of exchange at the reporting date; the yearly average rate was USD 1 to KHR4,110 (2021: KHR 4,087) and the closing rate was USD 1 to KHR4,085 (2021: KHR4,110) regulated by the National Bank of Cambodia. These translations should not be construed as representations that KHR amounts have been, could have been or could in the future be converted into USD at this or any other rate of exchange.

2.2. Recognition of fund receipts

Receipt is recognized when cash is recorded in the bank account rather than when committed or budgeted.

2.3. Recognition of expenditures

Payment is recognized when payment is made rather than when incurred with the presentation of supporting documents, except for advance payments to staff and contractors which are initially recognized as advance and then recognized as expenditure when they are liquidated by presentation of supporting documents.

2.4. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

2.5. Other receivables/payables

Other receivables/payables represent the amount receivables/payables from/to other projects' activities of CPDD for expenses of the Organisation paid on behalf which yet to settle at the closing of financial year.

COALITION FOR PARTNERSHIP IN DEMOCRATIC DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2.6. Non-expendable equipment

The cost of non-expendable equipment is charged to expenditure upon acquisition. For control and management purposes, a memorandum account of nonexpendable equipment is maintained by way of a non-expendable items listing.

2.7. Provisions

Provisions are recognised when the Organization has an obligation at the reporting date as a result of a past event; it is probable that the Company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks to a specific obligation. The increase in the provision due to the passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

2.8. Contingent

Contingent liabilities are not recognized in the financial statements but are disclosed in the notes unless the possibility of an outflow of resources embodying economic benefit is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes when inflows of economic benefits are probable.

3. Fund received from donors

Fund receipts represent funds received from donors.

	2023	2022	2023	2022
	USD	USD	KHR'000	KHR'000
United Nations Development Programme	96,437	-	396,356	-
Advocacy and Policy Institute (API)	27,288	103,569	112,155	423,287
Pact Cambodia	26,856	41,684	110,378	170,363
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	15,834	22,670	65,077	92,652
Aide et Action	12,384	5,092	50,896	20,811
The United Nations Educational, Scientific, and Cultural Organization	4,644	-	19,087	-
The Asia Foundation	3,000	-	12,330	-
Plan International	2,000	-	8,220	-
Transparency International Cambodia	498	-	2,047	-
Alliance for Conflict Transformation	100	-	411	-
	<u>189,041</u>	<u>173,015</u>	<u>776,957</u>	<u>707,113</u>

COALITION FOR PARTNERSHIP IN DEMOCRATIC DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

4. Project cost

	2023	2022	2023	2022
	USD	USD	KHR'000	KHR'000
Influence the national policies and decisions that inform SNA transparent, responsive and accountable public services	33,788	72,581	138,867	296,637
Enhance democratic accountability for responsive public services	29,681	8,382	121,988	34,257
Increase capacity of the network members and the secretariat	3,337	2,101	13,714	8,587
CPDD's Member – Village Support Group “VSG”	-	4,076	-	16,660
CPDD's Sub – grantee – Independent Democracy of Informal Economy Association “IDEA”	-	5,940	-	24,276
	<u>66,805</u>	<u>93,079</u>	<u>274,569</u>	<u>380,417</u>

5. Administrative cost

	2023	2022	2023	2022
	USD	USD	KHR'000	KHR'000
Office rental	6,000	5,450	24,660	22,274
Computer and electronic equipment	2,788	2,269	11,458	9,271
Office utilities	2,375	1,363	9,762	5,572
legal and professional services	2,308	-	9,486	-
Internet and phone card	1,310	611	5,382	2,497
Office Equipment and Furniture	903	812	3,711	3,320
Office supplies and stationary	799	635	3,283	2,597
Other administrative expenses	532	341	2,185	1,392
Staff meeting and farewell	486	120	1,997	490
Advertising	110	208	452	850
	<u>17,610</u>	<u>11,809</u>	<u>72,376</u>	<u>48,263</u>

COALITION FOR PARTNERSHIP IN DEMOCRATIC DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

6. Salaries and employees' benefits

	2023	2022	2023	2022
	USD	USD	KHR'000	KHR'000
Other benefits and costs	25,628	14,124	105,331	57,724
Executive director	18,837	18,808	77,421	76,868
Head of Program	11,097	-	45,608	-
Head of Admin and Finance	8,565	-	35,203	-
Meal Manager	5,132	2,174	21,093	8,885
Senior project officer	4,742	9,800	19,491	40,053
Accountant	3,092	-	12,709	-
Senior finance administrative officer	3,008	9,391	12,361	38,382
ICT Specialist	2,550	-	10,481	-
Administrative and finance assistant	2,491	1,187	10,238	4,851
Volunteer	2,040	170	8,384	695
Project Officer	2,018	375	8,292	1,533
Legal advocacy and professional officer	1,609	3,625	6,614	14,813
	90,809	59,654	373,226	243,804

7. Cash and cash equivalent

	2023	2022	2023	2022
	USD	USD	KHR'000	KHR'000
Cash in hand	648	963	2,663	3,935
Cash at bank	39,965	21,685	164,257	88,626
Amount in transit for clearing	-	-	-	-
	40,613	22,648	166,920	92,561

8. Other receivables

	2023	2022	2023	2022
	USD	USD	KHR'000	KHR'000
Sub - grantee advance	1,496	1,718	6,149	7,021
Amount due to projects	25,399	4,724	104,388	19,307
	26,895	6,442	110,537	26,328

9. Deposit

	2023	2022	2023	2022
	USD	USD	KHR'000	KHR'000
Deposit	1,000	1,000	4,110	4,087

COALITION FOR PARTNERSHIP IN DEMOCRATIC DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

10. Other payables

	2023	2022	2023	2022
	USD	USD	KHR'000	KHR'000
Other payables	31,314	10,998	128,701	44,950
Accrued salaries and employees' benefits	3,425	4,169	14,078	17,040
Other tax payables	395	259	1,624	1,058
Accruals	-	153	-	627
	<u>35,135</u>	<u>15,580</u>	<u>144,403</u>	<u>63,675</u>

11. Translation reserves

	2023	2022	2023	2022
	USD	USD	KHR'000	KHR'000
At 1 January	-	-	375	-
Currency translation difference	-	-	(1,310)	375
At 31 December	<u>-</u>	<u>-</u>	<u>(935)</u>	<u>375</u>

12. Tax contingencies

The taxation system in Cambodia is relatively new and characterised by numerous rules and frequently changing legislation, which are often unclear and subject to various interpretation. Often different interpretation exists among numerous taxation authorities and jurisdictions. Taxes are subjected to review and investigations by a number of authorities who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Cambodia, substantially more compared to other countries. The Management believes that it has adequately provided for tax liabilities based on its interpretation of the tax legislation. However, the relevant authorities may have differing interpretation and the effects could be significant.

13. Related parties balances and transactions

There was no amount due to related parties during the year.

There was no amount due from related parties during the year.

There was no significant transaction with related parties during the year.

14. Events after the reporting period

The outbreak of coronavirus disease 2019 (COVID-19) caused the World Health Organisation (WHO) to declare it as a public health emergency on 30 January 2020. This outbreak has caused serious business interruptions in most countries and regions, including Cambodia, and likely to adversely impact the values of businesses around the world. The management has assessed the impact of COVID-19 on the financial statements of the Organization and concluded that these are non-adjusting events and

COALITION FOR PARTNERSHIP IN DEMOCRATIC DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

there is minimal impact to the Organization's financial statements given the size of the related activities for the year ended.

Other than the events related to COVID-19 outbreak, there have been no significant events occurring after the reporting period and the date of authorization of these financial statements, which would require adjustments or disclosures to be made in the financial statements.

15. Approval of the financial statements

The financial statements for the year ended 31 DECEMBER 2023 were approved by the Management on 23rd February 2024.